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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/749,625

12/30/2003

Brian Alan Grove

2043.033US1

9858

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7590

12/31/2009

SCHWEGMAN, LUNDBERG & WOESSNER/EBAY

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EXAMINER

DUNHAM, JASON B

ART UNIT

PAPER NUMBER

3625

NOTIFICATION DATE

DELIVERY MODE

12/31/2009

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

USPTO@SLWIP.COM

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<b>Office Action Summary</b>	<b>Application No.</b> 10/749,625	<b>Applicant(s)</b> GROVE ET AL.	
	<b>Examiner</b> JASON B. DUNHAM	<b>Art Unit</b> 3625	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 24 August 2009.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-32 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-32 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                       | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948)    | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>8/24/09</u> .   | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Response to Amendment***

The Terminal Disclaimer filed under 37 CFR 1.132 filed August 24, 2009 is sufficient to overcome the rejection of claims 1-32 based upon a double patenting rejection in view of claims 1-78 of Application No. 10/749,614. Applicant's amendments to medium claims 17-24 and remarks filed August 24, 2009 indicating that "machine-readable storage medium(s)" exclude carrier wave signals are sufficient to overcome the previous 35 USC 101 rejection to claims 17-24. Applicant amended claims 1, 3-5, 9, 11-13, 16-25, 27-29, and 32 in the response filed August 24, 2009. Claims 1-32 are pending.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 25-32 are rejected under 35 U.S.C. 101.

Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski et al, 88 USPQ 2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 25-32 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101.

Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al-

[http://iplaw.bna.com/iplw/5000/split\\_display.adp?fedfid=10988734&vname=ippqcases2&wsn=500826000&searchid=6198805&doctypeid=1&type=court&mode=doc&split=0&scm=5000&pg=](http://iplaw.bna.com/iplw/5000/split_display.adp?fedfid=10988734&vname=ippqcases2&wsn=500826000&searchid=6198805&doctypeid=1&type=court&mode=doc&split=0&scm=5000&pg=0)

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

**Claims 1-32 are rejected under 35 U.S.C. 102(b) as being anticipated by Churchill (US 7,461,022).**

Referring to claim 1. Churchill discloses a network based commerce system, said network commerce system comprising:

a processor coupled to a memory through a bus (figure 2); and  
a fixed price setting process executed from the memory by the processor to:  
determine that a high proxy bid submitted for an auction item is less than a reserve price set for the auction, the high proxy bid being the highest current proxy bid for the auction item and the reserve price being the minimum price at which a seller is willing to sell the auction item (figures 9-10 disclosing a bid or buy auction and automated bidder/high proxy bid)., and

in response to the determining, cause the processor to automatically publish at least one of a proxy bid information set by a proxy bidder and the reserve price, the proxy bid information including the highest price that the proxy bidder is willing to pay for the item (figures 9-10 and column 28, lines 6 - 28 discloses alerting a bidder of the current high bid and column 44, lines 49-51 disclosing proxy bidding). Additionally in regards to the last limitation, the Examiner notes the recited “in response to the

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determining” does not move to distinguish the claimed invention from the cited art. This phrase is a conditional limitation with the noted step not necessarily performed unless the high proxy bid is less than a reserve price. Accordingly, once the positively recited steps are satisfied, the method as a whole is satisfied -- regardless of whether or not other steps are conditionally invocable under certain other hypothetical scenarios. [See: In re Johnston, 77 USPQ2d 1788 (CA FC 2006); Intel Corp. v. Int’l Trade Comm’n, 20 USPQ2d 1161 (Fed. Cir. 1991); MPEP §2106 II C].

Referring to claim 2. Churchill further discloses a system wherein the fixed price process further causes the processor to automatically unpublish the proxy bid information upon the high proxy bid exceeding the reserve price (figures 9-10 disclosing high proxy bids and regular bids that did not originally surpass reserve price are published and reevaluated for receiving a sold indication when the reserve price is lowered. Publication is not made of any of the bids that exceeded the current or past published reserve price, therefore proxy bids that exceed the reserve are not published since only those bids that did not exceed the posted reserve price are reconsidered for the reduced reserve price).

Referring to claim 3. Churchill further discloses a system wherein the fixed price process further causes the processor to facilitate a request for an adjustment of a fixed price offer associated with a listing for the auction item, the request to be sent to the seller (figure 9 disclosing auctions with adjustments for sell off prices).

Referring to claims 4-5. Churchill further discloses a system wherein the publication is performed during or after the price setting process of an auction (figure 10

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disclosing continual looping of the auction with different published bids by an automated (proxy) bidder).

Referring to claim 6. Churchill further discloses a system comprising automatically notifying the bidder when the reserve price is published (figure 10 disclosing indication of a reserve price has been met for the bidder).

Referring to claim 7. Churchill further discloses a system causing the processor to publish the at least one of a proxy bid information and the reserve price for view by a specific buyer only (figure 10 disclosing indication of a reserve price has been met for the winner).

Referring to claim 8. Churchill further discloses a system causing the processor, when publishing to display the maximum amount a buyer is willing to bid to purchase an item on the listing (figure 9 disclosing a bidder's max bid).

Referring to claims 9-32. System, medium, and method claims 9-32 contain similar limitations to those in rejected system claims 1-8 above and are rejected under the same rationale. Please note the conditional limitation rejection in claim 1 that would further apply to the analogous limitations in independent claims 9, 17, and 25.

### ***Response to Arguments***

Applicant's arguments filed August 24, 2009 regarding the 35 USC 101 rejection in view of claims 25-32 have been fully considered but they are not persuasive.

Applicant argues that independent claim 25 meets the second prong of the "machine or transformation test set forth by the Bilski decision because there is a transformation of

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the published proxy bids. The examiner disagrees because publishing (e.g. displaying) the data merely related to (as opposed to "representing physical and tangible objects") a physical item does not rise to the level of a transformation of the article (in this case the auction item data) to a different state or thing. Dependent claims 26-32 are rejected under the same rationale. Furthermore, the "publishing" step cited by the Applicant is a conditional limitation that is not necessarily performed as noted in the rejection of claim 1 containing a similar limitation.

Applicant's arguments filed August 24, 2009 regarding the 35 USC 102(b) rejection of claims 1-32 in view of Churchill have been fully considered but they are not persuasive. Applicant argues that Churchill does not disclose publishing information regarding at least of a proxy bid information. The examiner disagrees as column 28, lines 6 - 28 discloses alerting a bidder of the current high bid and column 44, lines 49-51 discloses the user of automated bidding by proxy. Lastly, in the interests of furthering prosecution the last limitation of claims 1, 9, 17, and 25 has been treated, however please note the conditional limitation rejection in discussion of claim 1 noting that the "publishing" step is not necessarily performed. The dependent claims of independent claims 1, 9, 17, and 25 are rejected under the same rationale set forth above as no specific arguments have been presented against them.



***Conclusion***

**THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JASON B. DUNHAM whose telephone number is (571)272-8109. The examiner can normally be reached on M-F, 8-5.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jeff Smith can be reached on 571-272-6763. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Jason B Dunham/  
Primary Examiner, Art Unit 3625